

CHAPTER III

STATUS DETERMINATION

COMPONENTS

INTRODUCTION

COMPUTED MEASURES

PROGRAM REVIEW

METHODS SURVEY

INTRODUCTION

STATUS DETERMINATION

INTRODUCTION

The Status function identifies employers liable for unemployment insurance (UI) coverage and assists them in their effort to comply with State UI Laws and written policies. This is the initial process in the tax operation. The major tasks within the function are:

- Identify potential employers subject to the law
- Determine Status (e.g., new, successor, non-subject)
- Assign account numbers
- Notify employers of their liability and initial rate
- Inactivate/terminate employer accounts
- Process and record all coverage information (Account Maintenance)
- Handle liability appeals as appropriate

PRIMARY OBJECTIVE

The primary objective of the Status function is to identify and register employers in a timely and accurate manner. To accomplish this, the SESA will need to meet three sub-objectives:

1. Take all reasonable actions to identify subject employers (*Completeness*)
2. Determine employer Status in a timely fashion (*Timeliness*)
3. Determine and record employer Status and tax rate correctly (*Accuracy*)

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<i>Completeness</i>	To determine what systems the SESA utilizes to identify new and "hidden" employers, the TPS reviewer will conduct the Survey of Methods utilized by the SESA. Exemplary procedures will be identified and shared with all SESAs as a part of TPS's role in Technical Assistance.
<i>Timeliness</i>	To assess the effectiveness in producing timely Status Determinations, Computed Measures will be generated based on data routinely reported. These data elements will be converted into four indicators by the TPS ADP system. These indicators will measure from the end of the quarter in which liability occurred.
<i>Accuracy</i>	To determine whether accurate determinations are being made, a Program Review will be conducted to ascertain the existence of necessary internal controls and to determine whether or not such controls are functioning properly.

REVIEW METHODOLOGIES

Computed Measures

Computed Measures will provide indicators to measure timeliness of New and Successor Status Determinations. These measures will be generated on data elements reported by SESAs through routine quarterly reports. There are four indicators which will be used to measure timeliness of Status Determinations.

1. Percentage of newly established accounts made within 90 days
2. Percentage of newly established accounts made within 180 days
3. Percentage of successor accounts made within 90 days
4. Percentage of successor accounts made within 180 days

STATUS DETERMINATION

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REVIEW METHODOLOGIES

Program Review

The Program Review to be conducted for Status has two components—a Systems Review section and an Acceptance Sample section composed of three samples.

The Systems Review covers the following topics:

- Recorded Information and Instructions
- Training
- Recording of Transactions and Events
- Systems to Assure Execution of Events
- Review of Completed Work

The Systems Review will be used to identify the internal controls and quality assurance systems necessary for an effective Status Determination operation, and to verify that the SESA has such controls in place.

The Acceptance Samples examine the following:

- New Employer Determinations
- Successor Determinations
- Inactivations/Terminations

Three Acceptance Samples of completed Status Determinations will be examined to confirm that the SESA's system of controls is ensuring accurate Status Determinations. The Acceptance Samples will validate the effectiveness of the SESA's internal controls and confirm that accurate Status Determinations are being made and posted to the employer account record.

REVIEW METHODOLOGIES

Methods Survey

The Methods Survey will be used to gather information on existing methods used by the SESA to facilitate the identification and registration of employers. The survey will also be used to gather information about SESA procedures to determine whether workers are employees or independent contractors and the adaptation of SESA laws to accommodate the employee leasing industry. The Survey also contains sections to gather information on Electronic Data Interchange (EDI) activities and the Tax Appeal process.

COMPUTED MEASURES

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COMPUTED MEASURES

COMPUTED MEASURES

Computed Measures will provide indicators for timeliness of New and Successor Status Determinations. These measures will be generated based on data elements reported by SESAs through routine quarterly reports. The SESA TPS reviewer must ensure that the State captures these data elements as defined so that the TPS ADP system can produce output reports based on these data elements.

Some SESAs accumulate the data elements required for Status computed measures through ADP records. Other SESAs keep manual records. Either way it is important that accurate records be kept from the beginning. Data elements needed to calculate Status timeliness indicators will be extracted from the routine Form ETA 581 reports which are transmitted from SESAs to the National Office electronically. Appendix B explains the technical process for gathering this information.

Status Determination Indicators

The four indicators to measure timeliness of Status Determinations are described below.

1. Percentage of Status Determinations of newly established accounts made within 90 days from the last day of the quarter in which the business first became liable.
2. Percentage of Status Determinations of newly established accounts made within 180 days from the last day of the quarter in which the business first became liable.
3. Percentage of Status Determinations of successor accounts made within 90 days from last day of the quarter in which the business became a successor.
4. Percentage of Status Determinations of successor accounts made within 180 days from last day of the quarter in which the business became a successor.

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COMPUTED MEASURES

COMPUTED MEASURES

Indicator 1 - Percentage of 90 day New Employer Status Determinations.

Rationale. This indicator reflects the percent of Status Determinations made during the 90 day time period from the last day of the quarter in which a new business becomes liable. The end of the quarter was set for the indicator to promote consistency in measuring time lapse (the old time lapse was from the date the employer became liable and because of differences in their laws, the SESAs did not count from the same date).

90 days is also important because of the need to have employer wage records in the SESA files for benefit payment purposes. Finally, undue delay in setting up an account can result in a loss of revenue.

Formula

$$\frac{\text{\# determinations made within 90 days (581 Item 15)}}{\text{total \# New Status Determinations (581 Item 14)}}$$

Example:

$$\frac{700 \text{ timely new determinations}}{1000 \text{ total new determinations}} = 70\%$$

Indicator 2 - Percentage of 180 day New Employer Status Determinations.

Rationale. This indicator reflects the percent of Status Determinations made during the 180 day time period from the end of quarter in which a new business becomes liable. The 180 day timeliness indicator is governed by the need for additional time and incentive to make determinations which have passed the due date for the 90 day indicator. This indicator encourages SESAs to use all available methods to identify and register those employers whose registration could not be completed within the 90 day period.

STATUS DETERMINATION

COMPUTED MEASURES

COMPUTED MEASURES

Formula

$$\frac{\text{\# determinations made within 180 days (581 Item 16)}}{\text{total \# New Status Determinations (581 Item 14)}}$$

Example:

$$\frac{900 \text{ timely new determinations}}{1000 \text{ total new determinations}} = 90\%$$

Indicator 3 - Percentage of 90 day Successor Status Determinations.

Rationale. This indicator reflects the percent of Status Determinations made during the 90 day time period from the last day of the quarter in which the business becomes liable as a successor. The rationale is the same as for indicator 1.

Formula

$$\frac{\text{\# succ. determinations made within 90 days ((581 Item 18)}}{\text{total \# Successor Status Determinations (581 Item 17)}}$$

Example:

$$\frac{700 \text{ timely successor determinations}}{1000 \text{ total successor determinations}} = 70\%$$

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COMPUTED MEASURES

COMPUTED MEASURES

Indicator 4 -Percentage of 180 day Successor Status Determinations.

Rationale. This indicator reflects the percent of Status Determinations made during the 180 day time period from the last day of the quarter in which the business becomes liable as a successor. The rationale is the same as for indicator 2.

Formula

$$\frac{\text{\# succ. determinations made within 180 days (581 Item 19)}}{\text{total \# Successor Status Determinations (581 Item 17)}}$$

Example:

$$\frac{900 \text{ timely successor determinations}}{1000 \text{ total successor determinations}} = 90\%$$

Data Elements

The numbers of new and successor determinations made within 90 and 180 days of the end of quarter in which liability occurs are reported on Form ETA 581. TPS requires the number of new and successor determinations made within 90 and 180 days from the end of the quarter of liability rather than the "time lapse" formerly reported. It is important to count the exact number of days since not all quarters have exactly 90 days. The "determination date counted to" should be the date the Status information is input into the SESAs automated system. See above examples.

STATUS DETERMINATION

COMPUTED MEASURES

COMPUTED MEASURES

Drawing Conclusions

If an analysis of the results of these measures does not show high percentages of timely determinations or an improving trend, the TPS Reviewer should examine the findings of the Systems Review to ascertain whether problems causing delays are controllable within the SESA or are caused by external factors.

Findings or trends from computed measures should be considered with Systems Review and Acceptance Sample findings in evaluating the effectiveness of the SESA's operation and be included in the Annual Report.

PROGRAM REVIEW

COMPONENTS

SYSTEMS REVIEW

ACCEPTANCE SAMPLES

SYSTEMS REVIEW

STATUS DETERMINATION

PROGRAM REVIEW

SYSTEMS REVIEW INTERVIEW SHEET

Function

Reviewer

Persons Interviewed		
Date	Name:	Title:

Documents Reviewed	
Title:	Form#:

STATUS DETERMINATION

PROGRAM REVIEW

SYSTEMS REVIEW

Recorded Information and Instructions

For Status Determination, recorded information and instructions should include requirements for unemployment insurance coverage and procedures for processing information to establish, suspend, terminate, reactivate and maintain accounts.



The reviewer should examine recorded instructions available to the staff and compare procedures to the laws and written policies of the SESA to determine if the recorded information and instructions are current, accurate, and complete. The reviewer should also observe the Status Determination process and talk with employees to learn whether or not the recorded instructions are available to staff.

In the narrative section following the questions, explain "Other" responses and describe "Compensating Controls". Identify the question being explained by referencing the number and section. If there are no recorded instructions, describe in the narrative how the staff becomes aware of the proper procedures to perform the tasks of the Status Determination function.

STATUS DETERMINATION

PROGRAM REVIEW

SYSTEMS REVIEW QUESTIONS

1. Does the SESA have recorded information and instructions to assist employees performing Status functions in each major category in accordance with State laws and written policies?

Yes No

- | | | | |
|----|----------------------------------|-----|-----|
| a. | New Determinations | ___ | ___ |
| b. | Successor Determinations | ___ | ___ |
| c. | Inactivations/Terminations | ___ | ___ |

2. If yes, for each major Status category, are all the recorded information and instructions:

New Succ. Inact.
Acct. essor Term.

(Indicate Yes or No for Each Category)

- | | | | | |
|----|-----------------------------------|-----|-----|-----|
| a. | Current? | ___ | ___ | ___ |
| b. | Accurate? | ___ | ___ | ___ |
| c. | Complete? | ___ | ___ | ___ |
| d. | Readily available to staff? | ___ | ___ | ___ |

VS:(Questions 1 and 2)

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PROGRAM REVIEW

SYSTEMS REVIEW QUESTIONS

3. If any of the preceding evaluative questions are answered "no", does the SESA have a substitute or compensating control?

Yes ____ No ____ N/A ____

If Yes, describe in the Narrative Section following these questions.

VS:(Question 3) _____

SYSTEMS REVIEW NARRATIVE

Question Number	Explanation of "N/A" and "Compensating Controls" (when deemed necessary)
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_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Question Number	Answers to "If yes, describe" and "Other":
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_____	_____
_____	_____
_____	_____
_____	_____

SYSTEMS REVIEW

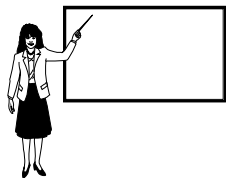
Training

New employees need to learn the requirements for unemployment insurance coverage and the procedures for processing Status information to establish, suspend, terminate, reactivate and maintain accounts. Experienced employees benefit from periodic refresher courses and need

STATUS DETERMINATION

PROGRAM REVIEW

additional training when changes occur, and when quality defects or a significant number of errors appear in a particular area.



The reviewer should become familiar with the methods and procedures the SESA uses to identify and meet training needs of employees involved in determining the liability of subject employers.

In the narrative section following the questions, explain "other" responses and describe "Compensating Controls". Identify the question being explained by referencing the number and section. If there are no training programs, describe how the staff know the laws, rules, written policies and proper procedures to perform Status functions.

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PROGRAM REVIEW

SYSTEMS REVIEW QUESTIONS

1. Does the SESA have methods or procedures to provide training for newly hired employees?

Yes ___ No ___

*If yes, identify the type of training:

Yes No

- a. *Formal Classroom Training ___ ___
- b. *On the Job Training? ___ ___
- c. *One-on-One Training? ___ ___
- d. *Individual Self-guided Training? ___ ___
- e. *Other? ___ ___

Describe the type and frequency of training in the narrative.

2. Does the SESA have methods or procedures to provide refresher training for experienced employees?

Yes ___ No ___

*If yes, identify the type of training:

Yes No

- a. *Formal Classroom (e.g., refresher courses)? ___ ___
- b. *On the Job Training? ___ ___
- c. *One-on-One Training? ___ ___
- d. *Individual Self-guided Training? ___ ___
- e. *Other? ___ ___

Describe the type and frequency of training in the narrative.

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SYSTEMS REVIEW QUESTIONS

3. Does the SESA provide training when there are:

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
a. State law changes?	___	___	
b. Policy/procedure changes?	___	___	
c. Needs identified from review of finished work (e.g., supervision, quality assurance review?	___	___	___
d. Hardware/software changes?	___	___	
e. *Other	___	___	

4. Does the SESA have processes (e.g., back-up training or organizational flexibility) to assure that staff absences will not disrupt operations?

Yes ___ No ___

If yes, describe in the narrative.

VS:(Questions 1 - 4)

5. *Does the SESA provide training to acquaint new employees with the mission, goals and function of the UI program?

Yes ___ No ___

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PROGRAM REVIEW

SYSTEMS REVIEW QUESTIONS

6. *Is someone assigned the responsibility to determine the effectiveness of the training provided by the SESA?

Yes ___ No ___

7. *In the opinion of the supervisor or manager, does the training meet the needs of the Status function? (e.g., Are sufficient resources available--training packages, facilities, staff, etc.)

Yes ___ No ___

8. If any of the preceding evaluative questions were answered "No", does the SESA have a substitute or compensating control?

Yes ___ No ___ N/A ___

If Yes, describe in the Narrative Section following these questions.

VS:(Question 8)

SYSTEMS REVIEW NARRATIVE

Question Number	Explanation of "N/A" and "Compensating Controls" (when deemed necessary)
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_____	_____

Question Number	Answers to "If yes, describe" and "Other":
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_____	_____
_____	_____
_____	_____
_____	_____

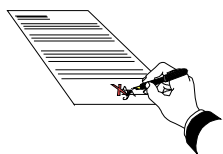
STATUS DETERMINATION

PROGRAM REVIEW

SYSTEMS REVIEW

Recording of Transactions and Events

The Status function should have procedures and controls to assure that Status Determinations are recorded and that the source information is readily available for examination. Whether the SESA system is manual or automated, an audit trail should lead from the data recorded in the employer account record to the Status source document upon which the determination was based.



A Status source document is the information basis from which a Status Determination is made. It can consist of a registration form, Status change form, blocked claim report, appeal finding, letter from the employer or whatever documentation the SESA has accepted as the information source.

The reviewer should become familiar with the various types of Status Determinations which require an audit trail leading to the supporting documentation.

In the narrative section following the questions, explain "other" responses and describe "Compensating Controls". Identify the question being explained by referencing the number and section. If the SESA does not maintain source documents or an audit trail, describe how it assures that correct Status Determinations have been made.

STATUS DETERMINATION

PROGRAM REVIEW

SYSTEMS REVIEW QUESTIONS

1. Does the SESA have procedures to assure that Status Determinations can be traced to their information source?

Yes ___ No ___

2. Can the following items be identified through the audit trail for New Employer Determinations:

Yes No

- a. Employer or employer representative who notified SESA of liability change? ___ ___
- b. SESA employee who recorded or authorized the determination? ___ ___
- c. Type of determination (new)? ___ ___
- d. Date of Status Determination? (either the date decision is made, mailed or put into the ADP system) ___ ___
- e. The supporting documentation for the determination? ___ ___

3. Can the following items be identified through the audit trail for Successor Employer Determinations:

Yes No

- a. Employer or employer representative who notified SESA of change? ___ ___
- b. SESA employee who recorded or authorized the determination? ___ ___
- c. Type of determination (successor)? ___ ___
- d. Date of Status Determination? (either the date decision is made, mailed or put into the ADP system) ___ ___
- e. The supporting documentation for the determination? ___ ___

STATUS DETERMINATION

PROGRAM REVIEW

SYSTEMS REVIEW QUESTIONS

4. Can the following items be identified through the audit trail for Inactivation/Termination Determinations:

		<u>Yes</u>	<u>No</u>
a.	Type of determination (inactivation/termination)?	___	___
b.	Date of Status Determination? (either the date decision is made, mailed or put into the ADP system)	___	___
c.	The supporting documentation for the determination?	___	___

VS:(Questions 1 - 4)

5. Is a source document required to make a Status Determination for:

		<u>Yes</u>	<u>No</u>
a.	New Determinations?	___	___
b.	Successor Determinations?	___	___
c.	Inactivations/Terminations?	___	___

VS:(Question 5)

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SYSTEMS REVIEW QUESTIONS

6. *Which of the following are acceptable as source documents for Status Determinations?
Enter "Y" for yes, "N" for no or "A" for not applicable.

		<u>New</u> <u>Acct.</u>	<u>Succ-</u> <u>essor</u>	<u>Inact./</u> <u>Term.</u>
a.	*Registration form?	___	___	___
b.	*Status change form?	___	___	___
c.	*Correspondence from employer?	___	___	___
d.	*Field audit report?	___	___	___
e.	*Contribution report, remittance?	___	___	___
f.	*Notes of telephone conversation?	___	___	___
g.	*Blocked claims report?	___	___	___
h.	*Appeals findings?	___	___	___
i.	*Other?	___	___	___

7. Are Status source documents retained and accessible for SESA use for:

		<u>Yes</u>	<u>No</u>
a.	New Determinations?	___	___
b.	Successor Determinations?	___	___
c.	Inactivations/Terminations?	___	___

VS:(Question 7)

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SYSTEMS REVIEW QUESTIONS

8. If any of the preceding evaluative questions are answered "No", does the SESA have a substitute or compensating control?

Yes ___ No ___ N/A ___

If Yes, describe in the Narrative Section following the questions.

VS: Question 8)

SYSTEMS REVIEW NARRATIVE

Question Number	Explanation of "N/A" and "Compensating Controls" (when deemed necessary)
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Question Number	Answers to "If yes, describe" and "Other":
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_____	_____
_____	_____
_____	_____
_____	_____

SYSTEMS REVIEW

Systems To Assure Execution of Events

For Status Determination, controls should be built in to assure that new employers are assigned correct, initial new employer rates and that successor accounts are assigned correct initial rates according to the State's successorship and transfer of experience laws and

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regulations. A follow-up system to maintain control of work in progress assures that all Status documents received by the SESA are acted upon in a timely manner.



The reviewer should become familiar with built in systems and automated or manual controls which assure accurate and timely execution of Status Determinations.

In the narrative section following the questions, explain "other" responses and describe "Compensating Controls". Identify the question being explained by referencing the number and section. If the SESA does not have internal controls or safeguards, describe how it assures the correctness of Status Determinations, initial rate assignments and posting of Status information.

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SYSTEMS REVIEW QUESTIONS

1. Does the SESA have systems procedures or internal controls to minimize the possibility of setting up duplicate accounts for the same employer?

Yes ____ No ____

VS: (Question 1)

2. Does the SESA have system procedures or internal controls to assure that all Status documents are acted upon by:

Yes No

a. Tracking documents? ____ ____

b. Following up potentially liable determinations? ____ ____

c. *Other? ____ ____

3. *Does the SESA have written procedures to allow Status Determinations to be made with less than complete information?

Yes ____ No ____

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SYSTEMS REVIEW QUESTIONS

If yes, does the SESA:

- a. Have system procedures or internal controls to assure that there is a follow up on all items for which all information has not been received?

Yes ___ No ___

VS:(Question 2 and 3a.)

4. Does the SESA have system procedures or internal controls to assure that written Status Determinations and initial rates are issued to:

Yes No

- a. New employers? ___ ___
b. Successor employers? ___ ___

VS:(Question 4)

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PROGRAM REVIEW

SYSTEMS REVIEW QUESTIONS

5. Is there a built-in edit or manual review to assure that the correct initial rate is assigned to new employers?

Yes ___ No ___

If yes, describe _____

6. Is there a built-in edit or manual review to assure that correct initial rates are assigned to successor employers according to the SESA law and written policy?

Yes ___ No ___

If yes, describe _____

VS:(Questions 5 and 6)

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SYSTEMS REVIEW QUESTIONS

7. Is the information from Status Determinations and other material changes to the employer records verified for accuracy (e.g., Is information on the employer record compared to source documents to assure accurate posting of Status Determinations, address changes, etc.?)

Yes ___ No ___

VS: (Question 7)

8. Does the SESA have a procedure to inactivate on a quarterly basis employers who have submitted "no wage" reports for **eight** (or less than 8 if SESA procedures require) consecutive quarters?

Yes ___ No ___

VS: (Question 8)

*a. If yes, is the procedure automated?

Yes ___ No ___

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SYSTEMS REVIEW QUESTIONS

9. If any of the preceding evaluative questions are answered "No", does the SESA have a substitute or compensating control?

Yes ___ No ___ N/A ___

If yes, describe in the Narrative Section following the questions.

VS: (Question 9)

SYSTEMS REVIEW NARRATIVE

Question Number	Explanation of "N/A" and "Compensating Controls" (when deemed necessary)
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Question Number	Answers to "If yes, describe" and "Other":
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_____	_____
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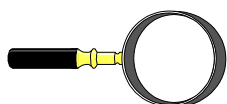
STATUS DETERMINATION

PROGRAM REVIEW

SYSTEMS REVIEW

Review of Completed Work

For the Status function, the SESA should be conducting systematic reviews of Status Determinations made and initial rates assigned. The information received and the action taken should be checked against the information recorded in the employer's account.



A review of completed work should be done on a regular basis for all staff members involved in processing documents for the employer's account. This review may be done on an individual basis for each staff member, or by sampling work done throughout the entire unit. The following questions are designed to determine how these reviews are conducted.

The reviewer should become familiar with the kind of review program the SESA uses to assess the work performed by the Status function.

In the narrative section following the questions, explain "other" responses and describe "Compensating Controls". Identify the question being explained by referencing the number and section. If there is no review performed, describe how the SESA has reasonable assurance that correct decisions are being made.

For all staff members involved in processing Status documents, are the following components subject to some form of systematic review? For Yes **answers**, indicate the approximate percentage **if known**, of work reviewed on an annual basis. If review is performed but percentage is unknown, enter a "Y" in the appropriate column(s). **For Yes answers**, also enter "Y" in column 6. If there are no reviews, answer "N" for No in column 6. Column 6 is the only evaluative question.

Component	Type of review					
	*1 Supv %/Y	*2 Peer %/Y	*3 QR Qual.Rev %/Y	*4 Support Clerical %/Y	*5 Other %/Y	6 Review Conducted Y/N
New Determinations						
a. Accuracy of determinations						
b. Accuracy of initial rate assignment						
c. Accuracy of posting employer information						
d. Prompt completion of determinations						
Successor Determinations						
e. Accuracy of determinations						
f. Accuracy of initial successor rate assignment						
g. Accuracy of posting information						
h. Prompt completion of determinations						
Inactivation/Termination Determinations						
i. Accuracy of determinations						
j. Accuracy of posting						

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PROGRAM REVIEW

SYSTEMS REVIEW QUESTIONS

7. If any of the preceding evaluative questions are answered "No", does the SESA have a substitute or compensating control?

Yes ___ No ___ N/A ___

If Yes, describe in the Narrative Section following these questions.

VS: (Question 7)

SYSTEMS REVIEW NARRATIVE

Question Number	Explanation of "N/A" and "Compensating Controls" (when deemed necessary)
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_____	_____
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_____	_____
_____	_____
_____	_____
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_____	_____

Question Number	Answers to "If yes, describe" and "Other":
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_____	_____
_____	_____
_____	_____
_____	_____

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PROGRAM REVIEW

SYSTEMS REVIEW QUESTIONS

Additional Controls

1. *Does the SESA have internal controls or quality assurance systems in the Status function which this review failed to identify?

Yes ____ No ____

If yes, describe below:

2. *Are there any exemplary practices for the Status function?

Yes ____ No ____

If yes, describe below:

ACCEPTANCE SAMPLES

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PROGRAM REVIEW

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ACCEPTANCE SAMPLE INSTRUCTIONS

NEW EMPLOYER STATUS DETERMINATIONS

Purpose/Intent

- To confirm that the SESA's internal controls ensure accurate determinations by examining completed New Employer Status Determinations.
- To determine that correct, initial rates are being assigned to new employers.
- To evaluate whether the SESA follows its procedures to obtain any necessary additional information.
- To assess the accuracy of posting Status information to the employers' account records.

Scope

- The scope of the review will focus on all new and reactivated Status Determinations made during the selected calendar year. (Accounts which are reactivated only to make corrections, do not meet the definition of "reactivation" and should not be included.)

Universe

- The universe to be identified for the New Employer Status Determinations Acceptance Sample will include:
 1. All Status Determinations for New and Reactivated Employers, (e.g., employing units initially meeting the definition of "employer" in the State unemployment compensation law or previously terminated employing units which again meet the definition of employer) made during one complete calendar year. Exclude temporary or "pending" accounts.
 2. 60 cases will be selected from this universe.

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ACCEPTANCE SAMPLE INSTRUCTIONS

Timing/Frequency

- The sample will be selected once per calendar year.
- The universe can be identified immediately following the end of the calendar year.

Sampling Procedures

- The following steps must be taken to establish the universe and select the sample accounts:
 1. Identify all New Employer Status Determinations (including Reactivations) made during the calendar year selected for the review.
 2. Select 60 sample cases after identifying the universe.

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PROGRAM REVIEW

ACCEPTANCE SAMPLE INSTRUCTIONS

Sampling Procedures

- If the System is automated, the Reviewer must work closely with the ADP unit to ensure a thorough understanding of what, when and how the samples should be selected.
- Appendix A describes what action needs to be taken for sampling in both manual and automated systems.

Reviewing Samples

- Assemble the following information for each of the New Status Determinations selected for review:
 1. Status information in the employer account record.
 2. The original source of information and any other documentation from the SESA's records. (Documentation can consist of a registration form, field auditor's report notations to the file explaining the source, etc).
- Compare all source documents with the information on the employer's account record.
- Using this information, answer the questions on the two Acceptance Sample Questionnaires, Section 1A and Section 1B. Each Section has its own coding sheet.

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ACCEPTANCE SAMPLE INSTRUCTIONS

Reviewing Samples

NOTE: If the account has been terminated by the time of the TPS review, the New Employer Status Determination, rate assignment and posting should be the basis for answering the questions.

- Section 1A consists of three parts:
 1. Accuracy of Initial Liability Decision - includes questions to evaluate if a correct initial decision based on minimum information was made. (We refer to actual rather than temporary or "pending" accounts). Some SESAs have written procedures which allow an initial liability decision to be made based on partial information (i.e., a partially completed contribution return with no other information). These SESAs should follow up after the initial liability decision to ensure that information to make an accurate Status Determination has been obtained. If insufficient time has lapsed for the information to have been received, the review may end with question 4. The time period needed to obtain information is as set by SESA procedures, but not longer than 3 months, to avoid a situation where a blocked claim could result. SESAs which do not have such a written procedure are directed to skip to the next part of Section 1A.
 2. Accuracy of New Employer Determination at Time of Review - includes questions to evaluate if SESA followed its procedures and obtained the necessary documentation to accurately establish a new account by the time of the TPS review.

STATUS DETERMINATION

PROGRAM REVIEW

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Reviewing SamplesCont.

3. Accuracy of Initial Rate Assignment at Time of Review - includes questions to evaluate if a correct initial rate has been assigned. (Initial rate means the first rate assigned to the account. i.e., If liability began five years ago, the rate assigned for the first year of liability would be the "initial rate".)

- Section 1B (Account Maintenance) has only one part:

1. Accuracy of Posting - includes questions to evaluate if the Status Determination was posted correctly in accordance with SESA requirements.

Drawing Conclusions

- For Section 1A, (Status Determination and Rate Assignment Accuracy), the following questions are evaluative:

2a Correct initial liability decision based on incomplete information.

3 Procedures followed to obtain required information.

5 Sufficient documentation to support determination.

6 Correct liability date.

7 Correct Status Determination.

#10 Sufficient documentation to support rate.

#11 Correct initial rate assigned.

STATUS DETERMINATION

PROGRAM REVIEW

ACCEPTANCE SAMPLE INSTRUCTIONS

***Drawing Conclusions
cont.***

- A "No" answer to any one of these questions indicates that the Status Determination was not accurate or the rate was not correctly assigned. This means that the case is not considered acceptable.
- If the completed review of 60 cases includes three or more unacceptable cases, (e.g., a case was determined to be unacceptable in the Status Determination/Rate Assignment Accuracy), then the reviewer must conclude that accuracy in the Status function was not confirmed.
- For Section 1B, (Account Maintenance Accuracy of Status Posting), the evaluative question is:

#13 Accurate recording of data elements.
- A "No" answer indicates that the Status information was not correctly posted and that the case is not considered acceptable.
- If the completed review of 60 cases includes three or more unacceptable cases (e.g., a case was determined to be unacceptable in the Account Maintenance Status posting review), then the reviewer must conclude that accuracy in the Status Account Maintenance function was not confirmed.
- For all unacceptable cases, the reviewer must provide an explanation on the Acceptance Sample Explanation Sheet for each unacceptable case.

STATUS DETERMINATION

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ACCEPTANCE SAMPLE INSTRUCTIONS

Documentation

- All source documentation (gathered to review samples) must be kept until the completion and Regional Office approval of the Annual Report. Either hard copy documentation or (in some highly automated systems) the ability to recreate the identical information used in the review must be maintained.

STATUS DETERMINATION

PROGRAM REVIEW

ACCEPTANCE SAMPLE QUESTIONNAIRE 1A

Accuracy of Initial Liability Decision

1. Does the SESA have a written procedure permitting a liability decision to be made when the required information is less than complete? (The practice of setting up actual accounts rather than temporary or "pending" accounts.)

Yes ___ No ___

If yes, answer question #2. If no, go to question #3.

2. Was an initial liability decision made in this particular sample case with incomplete information?

Yes ___ No ___

If yes:

- a. Based upon the information available at the time, did the SESA make the correct new employer initial liability decision?

Yes ___ No ___

Accuracy of New Employer Determination at Time of Review

3. Is there evidence that the SESA took action to obtain any additional information in accordance with procedures that may have been necessary to support a Status Determination?

Yes ___ No ___ N/A ___

STATUS DETERMINATION

PROGRAM REVIEW

ACCEPTANCE SAMPLE QUESTIONNAIRE 1A

4. Has the SESA obtained all the information it requires to be posted to the employer account record?

Yes ___ No ___ N/A ___

NOTE: If, by the time of the TPS review, insufficient time has elapsed for further information to have been received, code the question as N/A and do not proceed with part 1A or part 1B. Use SESA-determined time frames for receipt of information, but no longer than 3 months after establishing account.

5. Is there sufficient documentation at the time of the review to support the Status Determination made?

Yes ___ No ___

NOTE: If question # 2a. was answered yes, and further investigation has shown the account to be a successor, answer question # 5 "yes" and continue answering the questions in this questionnaire?

6. Was the correct liability date established?

Yes ___ No ___

7. Was a correct Status Determination made in accordance with State law and written policy?

Yes ___ No ___

Accuracy of Initial Rate Assignment at the Time of Review

8. If SIC codes are used to assign initial tax rates to new employers, did the SESA use the correct employer SIC Code?

Yes ___ No ___ N/A ___

STATUS DETERMINATION

PROGRAM REVIEW

ACCEPTANCE SAMPLE QUESTIONNAIRE 1A

9. If other data are required for assigning proper tax rates, did the SESA apply the data correctly?

Yes ___ No ___ N/A ___

10. Is there sufficient documentation at the time of the review to support the rate assigned? (Answer N/A only if the case being reviewed is a reimbursing employer and State law provides that no rate should be assigned.)

Yes ___ No ___ N/A ___

11. Did the SESA assign a correct initial rate (including surtaxes if applicable) in accordance with State law and written policy?

Yes ___ No ___

NOTE: If Question #8 or #9 are answered "NO", then Question #11 must be answered "NO".

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*TAX PERFORMANCE SYSTEM
Status Sample Coding Sheet
New Employers Checklist #1A*

SESA: _____ Period Covered: _____ Date: _____ Reviewer: _____

Sample Type: *G*Acceptance *G*Expanded

<i>Accuracy of Status Determination and Initial Tax Rate</i>														
<i>Case Number</i>	<i>Employer Identification Number</i>	<i>1</i>	<i>2</i>	<i>2a</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>	<i>10</i>	<i>11</i>	<i>Pass/Fail Y/N</i>

Questions 2a, 3, 5, 6, 7, 10 and 11 are evaluative.

*Total Acceptable _____ of _____
Page _____ of _____*

*TAX PERFORMANCE SYSTEM
Status - Sample Explanation Sheet
New Employers Checklist #1A*

SESA: _____ *Period Covered:* _____ *Date:* _____ *Reviewer:* _____

Sample Type: *G*Acceptance *G*Expanded

<i>Case Number</i>	<i>Employer Identification Number</i>	<i>Explanation</i>

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TAX PERFORMANCE SYSTEM**

CHAPTER THREE

STATUS DETERMINATION

PROGRAM REVIEW

ACCEPTANCE SAMPLE QUESTIONNAIRE 1B

Accuracy of Posting

12. Below is information deemed material for Federal and/or State tax operations. Indicate which information at the time of the review was accurately recorded in the employer account record. Answer "N/A" if the SESA does not require this information. Answer "INA" when the information is not available. A "no" answer to information required to be posted to the SESA system will fail the case.

Yes No INA N/A

- a. Employer name/trade name?
- b. Employer location?
- c. Employer mailing address?
- d. Federal Employer Identification Number?
- e. Industry Code?
- f. Employer Code (Agriculture, domestic)?
- g. Date of first payment of wages?
- h. Liability date?
- i. Determination type (New or Successor)?
- j. Type of account (Contributory or Reimbursable)?
- k. Predecessor/Successor identity?

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ACCEPTANCE SAMPLE QUESTIONNAIRE 1B

Yes No INA N/A

- l. Type of Organization (Partnership, Corp. etc.)?
- m. Correct initial rate?
- n. _____? (Other material data
element SESA requires to be posted)
- o. _____? (Other material data
element SESA requires to be posted)
13. Based upon the conclusions drawn from question #12, was all the information
deemed material by the SESA accurately recorded in the employer account record?
(A "no" answer to a data element deemed to be material means question #13 must be
answered "no" and the case will fail.)

Yes No

*TAX PERFORMANCE SYSTEM
Status Sample Coding Sheet
New Employers Checklist #1B*

SESA: _____ Period Covered: _____ Date: _____ Reviewer _____

Sample Type: *G*Acceptance *G*Expanded

Accuracy of Posting																		
Case Number	Employer Identification Number	12 <i>a</i>	12 <i>b</i>	12 <i>c</i>	12 <i>d</i>	12 <i>e</i>	12 <i>f</i>	12 <i>g</i>	12 <i>h</i>	12 <i>i</i>	12 <i>j</i>	12 <i>k</i>	12 <i>l</i>	12 <i>m</i>	12 <i>n</i>	12 <i>o</i>	13	Pass/Fail Y/N

Question 13 is evaluative.

Total Acceptable _____ of _____
Page _____ of _____

*TAX PERFORMANCE SYSTEM
Status - Sample Explanation Sheet
New Employers Checklist #1B*

SESA: _____ *Period Covered:* _____ *Date:* _____ *Reviewer:* _____

Sample Type: *G*Acceptance *G*Expanded

<i>Case Number</i>	<i>Employer Identification Number</i>	<i>Explanation</i>

STATUS DETERMINATION

PROGRAM REVIEW

ACCEPTANCE SAMPLE INSTRUCTIONS

SUCCESSOR EMPLOYER STATUS DETERMINATIONS

Purpose/Intent

- To confirm that the SESA's internal controls ensure accurate determinations by examining completed Successor Employer Status Determinations.
- To determine that correct initial successor rates are being assigned to employers according to the SESA's successorship laws and written policies.
- To evaluate whether the SESA follows its procedures to obtain any necessary additional information.
- To assess the accuracy of posting Status information to the successor employers' account records.

Scope

- The scope of the review will focus on all Successor Status Determinations made during the selected calendar year.

Universe

- The universe to be identified for the Successor Employer Status Determinations Acceptance Sample will include:

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ACCEPTANCE SAMPLE INSTRUCTIONS

Universe cont.

1. All accounts which during one calendar year are determined to be successors according to SESA laws and regulations (an employing unit which has acquired the organization, trade, or business in whole or in part, of another employer, declared subject as of the day on which it meets the requirement of the State employment compensation law for a successorship).
2. Both first time and existing employers. Some States do not require the transfer of experience to successor accounts. Such an account may be assigned a new employer rate even if it is determined to be a successor.
3. Various types of successorships permitted by SESA law and written policy (e.g., mandatory, optional, total or partial).
4. 60 cases will be selected from this universe.

Timing/Frequency

- The sample will be selected once per calendar year.
- The universe can be identified immediately following the end of the calendar year.

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ACCEPTANCE SAMPLE INSTRUCTIONS

Sampling Procedures

- The following steps must be taken to establish the universe and select the sample accounts:
 1. Identify all Successor Status Determinations made during the calendar year selected for the review.
 2. Select 60 sample cases after identifying the universe.

***NOTE:** Sometimes an account is selected in the successor sample which was set up based on less than complete information. If it is discovered when the SESA follows its investigative procedures that the account should have been a "new" employer, continue to review it with this questionnaire and consider the case acceptable.

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ACCEPTANCE SAMPLE INSTRUCTIONS

***Sampling Procedures
cont.***

- If the system is automated, the reviewer must work closely with the ADP unit to ensure a thorough understanding of what, when and how the samples should be selected.
- Appendix A describes what action needs to be taken for sampling in both manual and automated systems.

Reviewing Samples

- Assemble the following information for each of the successor Status Determinations selected for review:
 1. Status information in the employer account record.
 2. The original source of information and any other documentation from the SESA's records. (Documentation can consist of a registration form, successor and or predecessor application form, field auditor's report, notations to the file explaining the source, etc).
- Compare all source documents with the information on the employer's account record.
- Using this information, answer the questions on the two Acceptance Sample Questionnaires, Section 2A and Section 2B. Each Section has its own coding sheet.

NOTE: If the account has been terminated by the time of the TPS review, the Successor Employer Status Determination, rate assignment and posting should be the basis for answering the questions.

STATUS DETERMINATION

PROGRAM REVIEW

ACCEPTANCE SAMPLE INSTRUCTIONS

***Reviewing Samples
cont.***

- Section 2A consists of three parts:
 1. Accuracy of Initial Liability Decision - Questions to evaluate if a correct initial decision based on minimum information was made (actual rather than temporary or pending accounts). Sometimes SESA written procedures allow an initial liability decision to be made based on partial information (i.e., a partially completed contribution return). The SESA should follow up to ensure that information to make an accurate Status Determination has been obtained.
 2. Accuracy of Successor Employer Determination at Time of Review - Questions evaluate if the SESA followed its procedures and obtained the necessary documentation to accurately establish a successor account by the time of the TPS review.
 3. Accuracy of Initial Rate Assignment (at Time of Review) - Questions evaluate if SESA is following its law provisions with regard to the initial rate first assigned to successors (e.g., Some SESAs require that successors who are first time employers be assigned the predecessor's rate. In this instance it may be necessary to determine which predecessor rate was in effect at the time the successor was determined to be an employer. In SESAs that require immediate transfer of experience and recalculation of the rate, it may be necessary to review the components of the rate calculation to ascertain that the correct initial rate was assigned.

STATUS DETERMINATION

PROGRAM REVIEW

ACCEPTANCE SAMPLE INSTRUCTIONS

***Reviewing Samples
cont.***

- Section 2B (Account Maintenance) has only one part:
 1. Accuracy of Posting - includes questions to evaluate if the Status Determination was posted correctly in accordance with SESA requirements.

Drawing Conclusions

- For Sections 2A, (Status Determination and Rate Assignment Accuracy), the following questions are evaluative:
 - # 2a Correct initial liability decision based on incomplete information.
 - # 3 Procedures followed to obtain required information.
 - # 5 Sufficient documentation to support determination made.
 - # 6 Correct liability or acquisition date.
 - # 7 Correct Status Determination.
 - # 8 Sufficient documentation to support assigned rate.
 - # 9 Correct initial rate assignment.
- A "No" answer to any one of these questions indicates that the Status Determination was not accurate or the rate was not correctly assigned. This means that the case is not considered acceptable.

STATUS DETERMINATION

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ACCEPTANCE SAMPLE INSTRUCTIONS

***Drawing Conclusions
cont.***

- If the completed review of 60 cases includes three or more unacceptable cases, (e.g., a case was determined to be unacceptable in the Status Successor Determination/Rate Assignment Accuracy section) then the reviewer must conclude that accuracy in this function was not confirmed.
- For Section 2B, (Account Maintenance Accuracy of Status Posting), the evaluative question is:

#11 Accurate recording of data elements.
- A "No" answer indicates that the Status information was not correctly posted and that the case is not considered acceptable.
- If the completed review of 60 cases includes three or more unacceptable cases, (e.g., a case was determined to be unacceptable in the Account Maintenance Status Posting Accuracy section) the reviewer must conclude that accuracy in the Status Successor Account Maintenance function was not confirmed.
- For all unacceptable cases, the reviewer must provide an explanation for the unacceptable case on the Acceptance Sample Explanation Sheet.

Documentation

- All source documentation (gathered to review samples) must be kept until the completion and Regional Office approval of the Annual Report. Either hard copy documentation or (in some highly automated systems) the ability to recreate the identical information used must be maintained.

STATUS DETERMINATION

PROGRAM REVIEW

ACCEPTANCE SAMPLE QUESTIONNAIRE 2A

Accuracy of Initial Liability Decision

1. Does the SESA have a written procedure permitting a liability decision to be made when the required information is less than complete?

Yes ___ No ___

If yes, answer question #2. If no, go to question #3.

2. Was an initial liability decision made in this particular sample case with incomplete information?

Yes ___ No ___

If yes:

- a. Based upon the information available at the time, did the SESA make the correct successor employer liability decision?

Yes ___ No ___

Accuracy of Successor Determination at Time of Review

3. Is there evidence that the SESA procedures were followed to obtain any additional information that may have been necessary to support a Status Determination?

Yes ___ No ___ N/A ___

4. Has the SESA obtained all the information it requires to be posted to the Successor employer account record?

Yes ___ No ___ N/A ___

NOTE: If, by the time of the TPS review, insufficient time has elapsed for further information to have been received, code the question as N/A and do not proceed with part 2A or part 2B. Use SESA-determined time frames for receipt of information, but no longer than 3 months after establishing account.

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ACCEPTANCE SAMPLE QUESTIONNAIRE 2A

5. Is there sufficient documentation at the time of the review to support the Status Determination made?

Yes ___ No ___

NOTE: If question # 2a. was answered yes, and further investigation has shown that the account should be a New rather than a Successor Determination, answer question # 5 "yes" and continue answering the questions in this questionnaire.

6. Was the correct liability or acquisition date established?

Yes ___ No ___

7. Was a correct Status Determination made in accordance with State law and written policy?

Yes ___ No ___

Accuracy of Initial Rate Assignment at the Time of the Review

8. Is there sufficient documentation at the time of the review to support the rate assigned?

Yes ___ No ___

9. Was the correct initial rate (including surtax if applicable) assigned according to State laws and written policy? (e.g., some States require that the predecessor rate be assigned initially if the successor has not previously been an employer. Other States transfer experience and recalculate rates immediately, etc.)

Yes ___ No ___

*TAX PERFORMANCE SYSTEM
Status Sample Coding Sheet
Successor Employers Check List #2A*

SESA: _____ *Period Covered:* _____ *Date:* _____ *Reviewer* _____

Sample Type: *G*Acceptance *G*Expanded

<i>Accuracy of Successor Determination and Tax Rate</i>												
<i>Case Number</i>	<i>Employer Identification Number</i>	<i>1</i>	<i>2</i>	<i>2a</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>	<i>Pass/Fail Y/N</i>

Questions 2a, 3, 5, 6, 7, 8 and 9 are evaluative.

Total Acceptable _____ *of* _____
Page _____ *of* _____

*TAX PERFORMANCE SYSTEM
Status - Sample Explanation Sheet
Successor Employers Check List 2A*

SESA: _____ *Period Covered:* _____ *Date:* _____ *Reviewer:* _____

Sample Type: *G*Acceptance *G*Expanded

<i>Case Number</i>	<i>Employer Identification Number</i>	<i>Explanation</i>

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ACCEPTANCE SAMPLE QUESTIONNAIRE 2B

Accuracy of Posting

10. Below is information deemed to be material to proper payment of current and future tax revenues and/or Federal and State operations. Indicate which information at the time of the review was accurately recorded in the employer account record. Answer "N/A" if the SESA does not require this information. Answer "INA" when the information is not available. A "no" answer to information required to be posted to the SESA system will fail the case.

Yes No INA N/A

- | | | | | | |
|----|---|-----|-----|-----|-----|
| a. | Employer name/trade name? | ___ | ___ | | |
| b. | Employer location? | ___ | ___ | ___ | ___ |
| c. | Employer mailing address? | ___ | ___ | | |
| d. | Federal Employer Identification Number? | ___ | ___ | ___ | |
| e. | Industry Code? | ___ | ___ | ___ | |
| f. | Employer Code (Agriculture,domestic)? | ___ | ___ | ___ | ___ |
| g. | Date of first payment of wages? | ___ | ___ | ___ | ___ |
| h. | Liability or acquisition date? | ___ | ___ | | |
| i. | Determination type (New, or Successor)? | ___ | ___ | | |
| j. | Type of account (Contributory or Reimbursable)? | ___ | ___ | ___ | |
| k. | Predecessor/Successor identity? | ___ | ___ | ___ | ___ |

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ACCEPTANCE SAMPLE QUESTIONNAIRE 2B

Yes No INA N/A

- l. Type of Organization (Partnership, Corp. etc.)? _ _ _ _
- m. Correct initial successor rate? _ _
- n. _____?(Other material data
element SESA requires to be posted) _ _ _ _
- o. _____?(Other material data
element SESA requires to be posted) _ _ _ _
11. Based upon the conclusions drawn from question #10, was all the information
deemed material by the SESA accurately recorded in the employer account record?
(A "no" answer to a data element deemed to be material means Question #11 must be
answered "no" and the case will fail.)

Yes _ No _

*TAX PERFORMANCE SYSTEM
Status Sample Coding Sheet
Successor Employers Checklist #2B*

SESA: _____ Period Covered: _____ Date: _____ Reviewer: _____

Sample Type: *G*Acceptance *G*Expanded

Accuracy of Posting																		
Case Number	Employer Identification Number	10 <i>a</i>	10 <i>b</i>	10 <i>c</i>	10 <i>d</i>	10 <i>e</i>	10 <i>f</i>	10 <i>g</i>	10 <i>h</i>	10 <i>i</i>	10 <i>j</i>	10 <i>k</i>	10 <i>l</i>	10 <i>m</i>	10 <i>n</i>	10 <i>o</i>	11	Pass / Fail Y/N

Question *11* is evaluative.

Total Acceptable _____ of _____
Page _____ of _____

*TAX PERFORMANCE SYSTEM
Status - Sample Explanation Sheet
Successor Employers Check List 2B*

SESA: _____ *Period Covered:* _____ *Date:* _____ *Reviewer:* _____

Sample Type: *G*Acceptance *G*Expanded

<i>Case Number</i>	<i>Employer Identification Number</i>	<i>Explanation</i>

STATUS DETERMINATION

PROGRAM REVIEW

ACCEPTANCE SAMPLE INSTRUCTIONS

INACTIVATED/TERMINATED STATUS DETERMINATIONS

Purpose/Intent

- To confirm that the SESA's internal controls ensure accurate determinations by examining completed Inactivated/Terminated Status Determinations.
- To evaluate whether the SESA follows its procedures to obtain any necessary additional information.
- To assess the accuracy of posting Status information to the employers' account records.

Scope

- The scope of the review will focus on all Inactivated and Terminated Status Determinations made during the selected calendar year.

Universe

- The universe to be identified for the Inactivated and Terminated Employer Status Determinations Acceptance Sample will include:
 1. All Status Determinations for inactivated and terminated employers. Inactivated employing units have been granted permission to suspend filing of quarterly reports, whereas terminated employing units have been granted termination of coverage by reason of not meeting the SESA's definition of employer. If SESA law permits both types of determinations, the population from which the sample is selected should include both.

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PROGRAM REVIEW

ACCEPTANCE SAMPLE INSTRUCTIONS

Timing/Frequency

- The sample will be selected once per calendar year.
- The universe can be identified immediately following the end of the calendar year.

Sampling Procedures

- The following steps must be taken to establish the universe and select the sample accounts:
 1. Identify all Inactivated or Terminated Determinations made during the calendar year selected for the review.
 2. Select 60 sample cases.
- The review can be completed any time after the cases are selected.
- If the System is automated, the Reviewer must work closely with the ADP unit to ensure a thorough understanding of what, when and how the samples should be selected.
- Appendix A describes what action needs to be taken for sampling in both manual and automated systems.

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PROGRAM REVIEW

ACCEPTANCE SAMPLE INSTRUCTIONS

Reviewing Samples

- Assemble the following information for each of the Inactivated or Terminated Determinations selected for review:
 1. Status information in the employer account record.
 2. The original source of information and any other documentation from the SESA's records.
(Documentation can consist of a letter or Status change form from an employer, a list or an automated code which indicates that SESA law or policy permits the inactivation or termination of accounts after a certain number of quarters in which no wages were reported, etc.)
- Compare all source documents with the information in the employer's account record.
- Using this information, answer the questions on the two Acceptance Sample Questionnaires, Section 3A and Section 3B. Each Section has its own coding sheet.

NOTE: If the account has been reactivated by the time of the TPS review, the Terminated Employer Status Determination, and posting should be the basis for answering the questions.

STATUS DETERMINATION

PROGRAM REVIEW

ACCEPTANCE SAMPLE INSTRUCTIONS

***Reviewing Samples
cont.***

- Section 3A consists of one part.
 1. Accuracy of Determination - includes questions to evaluate if a correct determination has been made.
- Section 3B (Account Maintenance) consists of one part:
 1. Accuracy of Posting - includes questions to evaluate if the Status Determination was posted correctly in accordance with SESA requirements.

Drawing Conclusions

- For Sections 3A, (Accuracy of Determination) the following questions are evaluative:
 - # 3 Sufficient documentation
 - # 4 Correct Status Determination
- A "No" answer to either of these questions indicates that the Status Determination was not accurate. This means that the case is not considered acceptable.
- If the completed review of 60 cases includes three or more unacceptable cases, (e.g., a case was determined to be unacceptable in the Status Determination Accuracy section), then the reviewer must conclude that accuracy in the Status Inactivated/Terminated function was not confirmed.

STATUS DETERMINATION

PROGRAM REVIEW

ACCEPTANCE SAMPLE INSTRUCTIONS

***Drawing Conclusions
cont.***

- For Section 3B, (Account Maintenance Accuracy of Status Posting), the evaluative question is:

#6 Accurate recording of data elements SESA requires.
- A "No" answer to this question indicates that the Status information was not correctly posted and that the case is not considered acceptable.
- If the completed review of 60 cases includes three or more unacceptable cases, (e.g., a case was determined to be unacceptable in the Account Maintenance Status Posting section) then the reviewer must conclude that accuracy in the Status Inactivated/Terminated Account Maintenance function was not confirmed.
- For all unacceptable cases, the reviewer must provide an explanation on the Acceptance Sample Explanation Sheet for each unacceptable case.

Documentation

- All source documentation (gathered to review samples) must be kept until the completion and Regional Office approval of the Annual Report. Either hard copy documentation or (in some highly automated systems) the ability to recreate the identical information used in the review must be maintained.

STATUS DETERMINATION

PROGRAM REVIEW

ACCEPTANCE SAMPLE QUESTIONNAIRE 3A

Accuracy of Inactivated\Terminated Determination

1. Has all the information that is material to the Inactivated/Terminated Determination been provided?

Yes ___ No ___

2. If no, is there evidence that the SESA procedures were followed to obtain sufficient information to support an Inactivated/Terminated Determination?

Yes ___ No ___ N/A ___

3. Is the data contained in the documentation from the employer or obtained by SESA investigation sufficient to support an Inactivated/Terminated Status Determination? (Statutory inactivation/termination after the required number of quarters lapse with no reported wages is sufficient documentation to support a determination.)

Yes ___ No ___

4. Based upon conclusions drawn from question #3, was a correct Inactivated/Terminated Status Determination issued in accordance with State law and policy? If the answer to question #3 is no, the answer here must be no.

Yes ___ No ___

*TAX PERFORMANCE SYSTEM
Status Sample Coding Sheet
Inactivation/Terminations Checklist #3A*

SESA: _____ *Period Covered:* _____ *Date:* _____ *Reviewer:* _____

Sample Type: *G* *Acceptance* *G* *Expanded*

<i>Accuracy of Inactivation/Termination Determinations</i>						
<i>Case Number</i>	<i>Employer Identification Number</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>Pass/Fail Y/N</i>

Questions 3 and 4 are evaluative.

Total Acceptable _____ *of* _____
Page _____ *of* _____

*TAX PERFORMANCE SYSTEM
Status - Sample Explanation Sheet
Inactivations/Terminations Checklist #3A*

SESA: _____ *Period Covered:* _____ *Date:* _____ *Reviewer:* _____

Sample Type: *G*Acceptance *G*Expanded

<i>Case Number</i>	<i>Employer Identification Number</i>	<i>Explanation</i>

ACCEPTANCE SAMPLE QUESTIONNAIRE 3B

Accuracy of Posting

5. Below is information deemed to be material to proper payment of current and future tax revenues and/or Federal or State operations. Indicate which information was accurately recorded in the Inactivated/Terminated employer account record. Answer "N/A" if the SESA does not require this information. Answer "INA" when the SESA has been unable to obtain the information. A "no" answer to information required to be posted to the SESA system will fail the case.

Yes No INA N/A

- a. Last date of liability (last point in time when employer is expected to file contribution returns)?
- b. Determination Type: Inactivated/Terminated?
- c. Successor Identification?
- d. _____? (Other material data element SESA requires to be posted)
- e. _____? (Other material data element SESA requires to be posted)
6. Based upon the conclusions drawn from question #5, was all the information deemed material by the SESA accurately recorded in the employer account record? (A "no" answer to a data element deemed to be material means question #6 must be answered "no" and the case will fail.)

Yes No

ET HANDBOOK NO. 407
TAX PERFORMANCE SYSTEM

CHAPTER THREE

STATUS DETERMINATION

TAX PERFORMANCE SYSTEM
Status Sample Coding Sheet
Inactivations/Terminations Checklist #3B

SESA: _____ Period Covered: _____ Date: _____ Reviewer: _____

Sample Type: *G* Acceptance *G* Expanded

Accuracy of Posting								
Case Number	Employee Identification Number	5a	5b	5c	5d	5e	6	Pass/Fail Y/N

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Question 6 is evaluative.

Total Acceptable _____ of _____
Page _____ of _____

PROGRAM REVIEW

*TAX PERFORMANCE SYSTEM
Status - Sample Explanation Sheet
Inactivations/Terminations Checklist #3B*

SESA: _____ *Period Covered:* _____ *Date:* _____ *Reviewer:* _____

Sample Type: *G*Acceptance *G*Expanded

<i>Case Number</i>	<i>Employer Identification Number</i>	<i>Explanation</i>

METHODS SURVEY

STATUS DETERMINATION

METHODS SURVEY

METHODS SURVEY

This checklist serves as a tool to review existing methods within the Status function such as the identification and registration of employers, the investigation of special issues such as classifying workers as employees or independent contractors, and methods of handling the employee leasing industry. The Survey also contains a section on Electronic Data Interchange (EDI) to determine the level of activity in this area. A section on Tax Appeals is included to ascertain the make-up of the process in the SESA. All of this data is being gathered to provide technical assistance to SESAs.

The survey can be initiated at any time of the year, and the period to be covered by the Survey is the four completed calendar quarters immediately preceding the date of the review.

A. *Methods to Facilitate Employer Identification*

1. Does the SESA use the following methods to identify new/"hidden" employers subject to coverage? If yes, record the approximate percentage of those employers so identified. If the percentage is unknown but the method is utilized, leave the percentage blank.

Methods	Yes	No	%
a. Voluntary Registration	_____	_____	_____
b. Investigation of Blocked Claims	_____	_____	_____
c. Follow-up of Tips and Leads	_____	_____	_____
d. Crossmatch IRS Tape for FUTA Certification (940 Identification Data Tape).....	_____	_____	_____
e. Crossmatch IRS FEIN Identification Tape (941 Quarterly Entity Extract Tape).....	_____	_____	_____
f. Crossmatch with non-SESA State Agencies	_____	_____	_____
g. Review Bankruptcy Court Proceedings.....	_____	_____	_____
h. Canvass Areas/Neighborhoods.....	_____	_____	_____
i. Exchange Audit Results with IRS.....	_____	_____	_____
j. Review 1099's.....	_____	_____	_____
Other (list and describe below)			
k. _____			_____
l. _____			_____
m. _____			_____

STATUS DETERMINATION

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METHODS SURVEY

A. 2. Does the SESA analyze the effectiveness of employer identification sources it utilizes?

Yes ___ No ___

If yes, describe the analysis and findings for the last period analyzed. _____

B. Methods to Promote Employer Registration

1. What type of UI employer registration system does the SESA utilize?

Yes No

- a. Single Employer Registration form? ___ ___
- b. Unified/Combined Employer Registration
(a form utilized by two or more government
agencies within a State to register employers)? ___ ___

2. Does the SESA identify multi-State employers (i.e., employers who have locations in more than one State)?

Yes ___ No ___

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B. 3. Answer the following questions to determine whether the SESA has systems in place to facilitate voluntary and accurate employer registration on UI Status forms:

- a. Does a system exist to solicit employer comments to assess the effectiveness of Status forms (e.g., are forms readable, are instructions clear, etc.)?

Yes ___ No ___

If yes, describe _____

- b. Is there a systematic SESA analysis of the Status forms by collecting information and reviewing frequently asked questions, common mistakes and/or missing data?

Yes ___ No ___

If yes, describe _____

- c. Does the SESA perform outreach activity to communicate with and/or educate non-registered or potential employers regarding UI requirements and employer rights and responsibilities?

Yes ___ No ___

If yes, describe _____

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B. 4. Does the SESA have other methods to promote voluntary employer registration?

Yes ___ No ___

If yes, describe _____

C. Methods to Investigate Special Status Issues

1. As part of the Status function, does the SESA have special investigative procedures (other than routine field assignments) to determine whether workers are employees or independent contractors?

Yes ___ No ___

If yes, describe _____

2. Does the SESA have methods to identify employee leasing operations?

Yes ___ No ___

If yes, describe _____

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- . 3. Has the State legislature passed laws to accommodate the employee leasing industry?

Yes ___ No ___

If yes, describe _____

4. Do the SESA's successorship laws address employee leasing?

Yes ___ No ___

If yes, describe _____

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D. Electronic Data Interchange

1. Does your SESA law, regulations and/or procedures allow/address the electronic filing of data by employers?

Yes ____ No ____

If yes, please answer 2 through 10

2. Do your policies and/or procedures address reports and/or forms being submitted without signatures?

Yes ____ No ____

3. Is each employer required to complete an application in order to file data electronically?

Yes ____ No ____

4. Are PIN numbers or other security codes assigned to employers who are submitting data electronically?

Yes ____ No ____

5. Are employer representatives (e.g. accountants, attorneys) allowed to electronically submit data for employers?

Yes ____ No ____

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6. Does your SESA specify the electronic records that EDI employers must retain?

Yes ____ No ____

If yes, explain in what format and the time period:

7. What type(s) of reporting does your SESA accept?

		Status		Tax Report		Wage Record		Adj. Forms	
a.	Paper	____		____		____		____	
b.	Magnetic tape	____	____	____	____	____	____	____	____
c.	Tape cartridge	____		____		____		____	
d.	Diskette	____		____		____		____	
e.	Telephone/IVR	____		____		____		____	
f.	Via Modem	____		____		____		____	
g.	Kiosks	____		____		____		____	
h.	E-Mail	____		____		____		____	
i.	Other, describe	____		____		____		____	

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8. How were EDI standards for submitting employer data and contribution/wage reports determined for your SESA?

	Yes	No
a. Jointly by employers and SESA	___	___
b. As developed by ICESA	___	___
c. Other, please explain	___	___

9. Do other government agencies in your State accept the same EDI standards for filing reports?

Yes ___ No ___ INA ___

10. Is your SESA a member of an EDI user's group?

Yes ___ No ___

STATUS DETERMINATION

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METHODS SURVEY

E. Appeals Section

1. Does the SESA's Unemployment Compensation Program have procedures for processing appeals of any of the following employer tax issues?

	Yes	No
a. Initial liability	___	___
b. Tax rates	___	___
c. Audit results	___	___
d. IC/EE determinations	___	___
e. Adjustments	___	___
f. Other, please explain	___	___

If yes to any one from a-f above, complete the balance of this section.

2. Does the SESA have an Appeals section/division that hears tax issues?

Yes ___ No ___

If yes:

	Yes	No
a. Is it separate from the Benefit appeals section?	___	___
b. Is there a Tax, lower appeal authority?	___	___
c. Is there a Tax, higher appeal authority?	___	___

3. What is the first step in appeals to the State Court System (e.g., District, Court of Appeals, Supreme Court)?

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4. What are the qualifications of the Appeals officers?

	Yes	No
a. Attorneys	___	___
b. Tax specialists	___	___
c. Other, please explain	___	___

5. If higher level tax appeals are heard, are they heard by the same body that hears higher level UI benefit appeals?

Yes ___ No ___ N/A ___

If no, explain:

6. Does the SESA have controls in place to ensure the timeliness of appeal decisions?

Yes ___ No ___

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If yes describe:

a. Controls

b. Accountability

c. Effectiveness

7. Approximately how many tax appeals are pending?

Indicate by answering yes to the closest range.

- | | |
|-----------------|-----|
| | Yes |
| a. 0 to 500 | — |
| b. 501 to 1000 | — |
| c. 1001 to 1500 | — |

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- d. 1501 to 2000 ____
e. Over 2000 ____

METHODS SURVEY

8. What is the average age of pending tax appeals? ____

9. Are employers with outstanding appeals:

- | | <u>Yes</u> | <u>No</u> |
|--|------------|-----------|
| a. Required to pay the contributions due on wages under appeal? | ____ | ____ |
| b. Required to pay the contributions, plus any applicable interest and penalty, after the appeal is final? | ____ | ____ |

10. What is the approximate dollar amount at issue in the tax appeal cases currently pending? ____